

Message Text

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ACTION EB-07

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POUCHED INFO ALL CG'S IN CANADA

E.O. 11652: N/A

TAGS:EAIR, CA, CU

SUBJECT: CIVAIR: CANADA-CUBA RELATIONS

REF: OTTAWA 1714

1. ON MAY 13 AND 14 TCO REVIEWED IN BROAD OUTLINE GOC PREPARATIONS FOR FORTHCOMING CUBAN NEGOTIATIONS WITH MINISTRY OF TRANSPORT (MOT) AND CANADIAN TRANSPORT COMMISSION (CTC) OFFICIALS DIRECTLY INVOLVED. WHILE NEGOTIATIONS ARE EXPECTED COMMENCE MAY 26, VENUE IS STILL UNDERTERMINED. SOURCES DO NOT EXPECT TO DRAFT BILATERAL AGREEMENT IN SINGLE NEGOTIATING SESSION, BUT DO NOT KNOW HOW MANY WILL BE REQUIRED. IN RESPONSE TO OUR QUESTION, MOT OFFICIAL INDICATED THERE IS CONSIDERABLE PRESSURE FROM GENERAL CANADIAN POLITICAL ENVIRONMENT AT MOMENT TO NEGOTIATE AN AGREEMENT, AND ISSUE IS NOT BEING APPROACHED SOLELY FROM AN AVAITION POINT OV VIEW. HOWEVER, THERE IS ALSO COUNTER PRESSURE FROM AIR CANADA AND THE REGIONALS (NOTABLY QUEBEC AIR AND TO SOME EXTENT NORDAIR) PLUS THE SUPPLEMENTAL CARRIER WARDAIR, NOT TO HAVE THEIR INTERESTS SOLD OUT.

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2. TO DATE,GOC HAS NOT HAD ANY INTIMATION AS TO WHAT

POINTS AND WHAT BEYOND RIGHTS CUBA MIGHT SEEK. GOC, HOWEVER, EXPECTS REQUEST FOR TORONTO AND AT MOST WOULD CONCEDE VIA MONTREAL. ALSO, EXPECTS CUBA WILL WANT RIGHTS BEYOND MONTREAL TO EUROPE, BUT MOT AND CTC ARE URGING STRONG RESISTANCE TO THIS. AT PRESENT, CUBANA SERVICE TO/FROM MADRID AND PRAGUE MAKES TECHNICAL STOP AT GANDER AND OUR SOURCES BELIEVE CUBA WOULD CONSIDER TRAFFIC RIGHTS TO/FROM MONTREAL DESIRABLE. CANADIAN THINKING ON POINTS IN CUBA IS CONFINED TO HAVANA, WHICH IT WOULD WISH DESCRIBED AS "TO/FROM POINTS IN CANADA". SOURCE DID NOT COMMENT ON POSSIBLE BEYOND RIGHTS FOR CANADA.

3. BIGGEST PROBLEMS FACING GOC IN PREPARATION ITS NEGOTIATING POSITION IS RELATION OF SCHEDULED AND CHARTER SERVICES. IN 1974 TRAFFIC BETWEEN THE TWO COUNTRIES COMPRISED ABOUT 2,000 SCHEDULED PASSENGERS (VIA MEXICO) AND 20,000 CHARTER PASSENGERS. NO 1975 SCHEDULED SERVICE ESTIMATE AVAILABLE, BUT CHARTER TRAFFIC EXPECTED INCREASE TO 30,000 (LARGELY CARRIED BY REGIONALS FROM MONTREAL AND AIR CANADA/WARDAIR FROM TORONTO). CUBANS HAVE INDICATED THEY DO NOT WISH TO CONSTRAIN GROWTH OF TOURIST TRAFFIC (LARGELY CARRIED BY CHARTERS) AND GOC DOUBTS, EVEN WITHIN FRAMEWORK OF WIDENING BUSINESS TRAVEL BETWEEN CANADA AND CUBA, THERE WILL BE SUFFICIENT TRAFFIC SUPPORT SCHEDULED SERVICE WITHOUT MAJOR LOSSES.

4. GOC POLICY TO DEAL WITH THIS ISSUE HAS NOT YET BEEN ADEQUATELY DEVELOPED. SOME THOUGHT BEING GIVEN TO ATTEMPTING COVER CHARTER AS WELL AS SCHEDULED SERVICES (IN ONE OR TWO AGREEMENTS), BUT THERE IS RELUCTANCE TO PROPOSE THIS. MORE LIKELY APPEARS AN ARRANGEMENT WHEREBY SCHEDULED SERVICES WOULD BE AUTHORIZED OFFER APEX TYPE FARES AND CHARTER TYPE TRAFFIC WOULD BE THUS DIVERTED TO AIR CANADA AND CUBANA TO ENABLE VIABLE ROUTE OPERATIONS. HOWEVER, THERE IS CONSIDERABLE FLACK FROM THE REGIONALS WHO SEE THIS AS UNDERMINING THEIR BUSINESS AT A TIME WHEN THEIR GROWTH IN THE US MARKET IS LIKELY TO BE RESTRICTED BY OPERATION OF US-CANADA CHARTER AGREEMENT. COMPLEXITY OF THIS ISSUE APPEARS TO MAKE CERTAIN SEVERAL NEGOTIATING SESSIONS WILL BE REQUIRED.

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